

**MONET REAL ESTATE (HIGH WYCOMBE) LIMITED**  
**REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

Bessler Hendrie  
Chartered Accountants  
Registered Auditor  
Albury Mill, Mill Lane  
Chilworth  
Guildford  
Surrey  
GU4 8RU

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**MONET REAL ESTATE (HIGH WYCOMBE) LIMITED**

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**for the year ended 31 December 2007**

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**MONET REAL ESTATE (HIGH WYCOMBE) LIMITED**

**COMPANY INFORMATION**

**for the year ended 31 December 2007**

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**DIRECTORS:**

C P Oliver  
S C Loggie  
B Porter  
J Jakeman

**SECRETARY:**

C P Oliver

**REGISTERED OFFICE:**

17 Savile Row  
London  
W1S 3PN

**REGISTERED NUMBER:**

5704535

**AUDITORS:**

Bessler Hendrie  
Chartered Accountants  
Registered Auditor  
Albury Mill, Mill Lane  
Chilworth  
Guildford  
Surrey  
GU4 8RU

## **MONET REAL ESTATE (HIGH WYCOMBE) LIMITED**

### **REPORT OF THE DIRECTORS**

**for the year ended 31 December 2007**

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The directors present their report with the financial statements of the company for the year ended 31 December 2007

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of property investment

#### **EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2007 to the date of this report

C P Oliver  
S C Loggie  
B Porter  
J Jakeman

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **AUDITORS**

The auditors, Bessler Hendrie, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

**MONET REAL ESTATE (HIGH WYCOMBE) LIMITED**

**REPORT OF THE DIRECTORS**  
**for the year ended 31 December 2007**

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This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to read 'C P Oliver', written over the printed name.

C P Oliver - Director

Date 26 June 2008

## **REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF MONET REAL ESTATE (HIGH WYCOMBE) LIMITED**

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We have audited the financial statements of Monet Real Estate (High Wycombe) Limited for the year ended 31 December 2007 on pages six to fourteen. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page two.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
MONET REAL ESTATE (HIGH WYCOMBE) LIMITED**

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**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements

*Bessler Hendrie*

Bessler Hendrie  
Chartered Accountants  
Registered Auditor  
Albury Mill, Mill Lane  
Chilworth  
Guildford  
Surrey  
GU4 8RU

Date *30 June 2008* .

**MONET REAL ESTATE (HIGH WYCOMBE) LIMITED**

**PROFIT AND LOSS ACCOUNT**

**for the year ended 31 December 2007**

		Year Ended 31 12 07 £	Period 10 2 06 to 31 12 06 £
	Notes		
<b>TURNOVER</b>		534,407	402,630
Administrative expenses		(124,870)	(85,308)
<b>OPERATING PROFIT</b>	2	409,537	317,322
Interest receivable and similar income		74,647	5,028
		484,184	322,350
Interest payable and similar charges		(635,314)	(372,140)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(151,130)	(49,790)
Tax on loss on ordinary activities	3	20,000	-
<b>LOSS FOR THE FINANCIAL YEAR AFTER TAXATION</b>		(131,130)	(49,790)

The notes form part of these financial statements



**MONET REAL ESTATE (HIGH WYCOMBE) LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**for the year ended 31 December 2007**

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	Year Ended 31 12 07 £	Period 10 2 06 to 31 12 06 £
<b>LOSS FOR THE FINANCIAL YEAR</b>	(131,130)	(49,790)
Revaluation of investment property	842,776	-
	<hr/>	<hr/>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u>711,646</u>	<u>(49,790)</u>

The notes form part of these financial statements

# **MONET REAL ESTATE (HIGH WYCOMBE) LIMITED**

## **BALANCE SHEET**

**31 December 2007**

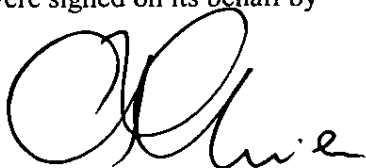
	Notes	2007 £	2006 £
<b>FIXED ASSETS</b>			
Investment property	4	9,040,000	8,195,924
<b>CURRENT ASSETS</b>			
Debtors	5	407,737	424,643
Cash at bank		105,168	71,308
		<u>512,905</u>	<u>495,951</u>
<b>CREDITORS</b>			
Amounts falling due within one year	6	<u>(701,221)</u>	<u>(506,837)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(188,316)</u>	<u>(10,886)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		8,851,684	8,185,038
<b>CREDITORS</b>			
Amounts falling due after more than one year	7	<u>(8,189,728)</u>	<u>(8,234,728)</u>
<b>NET ASSETS/(LIABILITIES)</b>		<u><u>661,956</u></u>	<u><u>(49,690)</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	100	100
Revaluation reserve	10	842,776	-
Profit and loss account	10	<u>(180,920)</u>	<u>(49,790)</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><u>661,956</u></u>	<u><u>(49,690)</u></u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2007)

The financial statements were approved by the Board of Directors on  
were signed on its behalf by

26 June 2008

and



C P Oliver - Director

The notes form part of these financial statements

# **MONET REAL ESTATE (HIGH WYCOMBE) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** **for the year ended 31 December 2007**

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### **1 ACCOUNTING POLICIES**

#### **Basis of preparing the financial statements**

Investment properties are accounted for in accordance with SSAP 19 "Accounting for Investment Properties", which provides that these should not be subject to periodic depreciation charges (unless held on lease), but should be shown at open market value. This is contrary to the Companies Act 1985, which states that, subject to any provision for depreciation or diminution in value, fixed assets are normally to be stated at purchase price or production cost. Current cost accounting or the revaluation of specific assets to market value, as determined at the date of their last valuation, is also permitted.

The treatment of investment properties under the Companies Act does not give a true and fair view as these assets are not held for consumption in the business but as investments, the disposal of which would not materially affect any manufacturing or trading operations of the enterprise. In such a case it is the current value of these investments, and changes in that current value, which are of prime importance. Consequently, for the proper appreciation of the financial position, the accounting treatment required by SSAP 19 is considered appropriate for investment properties.

Details of the current value and historical cost information for investment properties are given in Note 4.

#### **Accounting convention**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements have been prepared on a going concern basis. This basis is considered appropriate by the directors, as the shareholders have confirmed that they will continue to financially support the company for the foreseeable future and enable the company to meet its liabilities as they fall due.

#### **Turnover**

Turnover represents net receivable rental income, excluding value added tax.

#### **Investment property**

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to a revaluation reserve.

Fixed assets include investment properties stated at open market value in accordance with SSAP 19 "Accounting for Investment Properties". No depreciation is provided as required by the Companies Act 1985 as directors consider that the valuation results in the accounts give a true and fair view.

# MONET REAL ESTATE (HIGH WYCOMBE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2007

### 2 OPERATING PROFIT

The operating profit is stated after charging

	Year Ended 31 12 07 £	Period 10 2 06 to 31 12 06 £
Auditors' remuneration	<u>5,000</u>	<u>4,300</u>
Directors' emoluments and other benefits etc	<u>-</u>	<u>-</u>

### 3 TAXATION

#### Analysis of the tax credit

The tax credit on the loss on ordinary activities for the year was as follows

	Year Ended 31 12 07 £	Period 10 2 06 to 31 12 06 £
Deferred tax	<u>(20,000)</u>	<u>-</u>
Tax on loss on ordinary activities	<u>(20,000)</u>	<u>-</u>

#### Factors that may affect future tax charges

There are tax losses to carry forward at 31 December 2007 of £231,690 (2006 £48,690)

### 4 INVESTMENT PROPERTY

	Total £
<b>COST OR VALUATION</b>	
At 1 January 2007	8,195,924
Additions	1,300
Revaluations	<u>842,776</u>
At 31 December 2007	<u>9,040,000</u>
<b>NET BOOK VALUE</b>	
At 31 December 2007	<u>9,040,000</u>
At 31 December 2006	<u>8,195,924</u>

**MONET REAL ESTATE (HIGH WYCOMBE) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2007**

**4 INVESTMENT PROPERTY - continued**

Cost or valuation at 31 December 2007 is represented by

Valuation in 2007	£ 9,040,000
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If the investment property had not been revalued it would have been included at the following historical cost

	2007 £	2006 £
Cost	8,197,224	8,195,924

The investment property was valued on an open market basis on 31 December 2007 by the Directors

If the property held by the Company was realised at open market value at the balance sheet date, there would be an estimated tax liability arising of £73,139

**5 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2007 £	2006 £
Trade debtors	152,789	145,962
Other debtors	254,948	278,681
	407,737	424,643

Other debtors includes a deferred tax asset of £20,000 (2006 £Nil) in respect of tax losses carried forward which are expected to be used in 2008. No deferred tax asset has been recognised on tax losses carried forward where there is no certainty as to when these may be used (unrecognised asset £50,000 (2006 £15,000))

**6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2007 £	2006 £
Bank loans and overdrafts	-	107,000
Trade creditors	25,605	6,059
Amounts owed to group undertakings	10,000	10,000
Taxation and social security	19,582	-
Other creditors	646,034	383,778
	701,221	506,837

**MONET REAL ESTATE (HIGH WYCOMBE) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2007**

**7 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2007 £	2006 £
Bank loans	7,375,000	7,420,000
Amounts owed to group undertakings	611,046	611,046
Amounts owed to participating interests	203,682	203,682
	<u>8,189,728</u>	<u>8,234,728</u>

**8 SECURED DEBTS**

The following secured debts are included within creditors

	2007 £	2006 £
Bank loans	<u>7,375,000</u>	<u>7,527,000</u>

The bank loans consist of a loan from the Lehman Commercial Paper Inc, London Branch, repayable on 15th April 2011, 5 years after the drawdown date, and a Lloyds TSB loan repayable on 3 August 2012, 5 years after the drawdown date. Rates applicable are detailed below

Negotiated rates

Facility	Loan value (£)	Date negotiated	Rate of interest
Lloyds TSB - Senior	6,675,000	6 July 2007	LIBOR plus 1 15%
Lehman - Mezzanine	700,000	13 April 2006	LIBOR plus 5%

Under an interest hedging agreement negotiated at the same time the Lloyds TSB loan was drawn, the company fixed the rate of interest on the senior loan at 5.54% until 20 October 2010 and £5,006,250 of this loan from then until 20 July 2012

The Lloyds TSB loan is secured by way of a first legal charge and a debenture over the freehold property held by the Company

The Lehman loan is secured by way of a fixed and floating charge over the assets of the Company, there is also an assignment of income

The bank loans are to be repaid in part/ full should part of the property be sold

# MONET REAL ESTATE (HIGH WYCOMBE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - continued for the year ended 31 December 2007

### 9 CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid Number	Class	Nominal value £1	2007 £ <u>100</u>	2006 £ <u>100</u>
100	Ordinary			

### 10 RESERVES

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 January 2007	(49,790)	-	(49,790)
Deficit for the year	(131,130)		(131,130)
Revaluation reserve	-	842,776	842,776
At 31 December 2007	<u>(180,920)</u>	<u>842,776</u>	<u>661,856</u>

### 11 ULTIMATE PARENT COMPANY

Monet Real Estate (High Wycombe) Limited is a wholly owned subsidiary of Monet Real Estate Limited, a company registered in the United Kingdom. The ultimate parent company is Lehman Brothers Holdings Inc, a company registered in the United States of America.

### 12 RELATED PARTY DISCLOSURES

During the year the company was charged £20,548 (2006 £15,195) for management fees by Cube Consulting Limited, a company of which CP Oliver & SC Loggie are directors. At 31 December 2007 £Nil (2006 £6,059) was owed to Cube Consulting Limited.

The bank loan of £700,000 (2006 £7,527,000) as at 31 December 2007 is due to Lehman Commercial Paper Inc (a company related to LB UK RE Holdings Limited, the majority shareholder in the company). During the year interest of £336,485 (2006 £355,872) was charged on loans to this company.

In accordance with the joint venture agreement dated 14 August 2006 both shareholders have advanced loans to the company. These are disclosed as creditors due in more than one year and the balance of each loan as at 31 December 2007 was £611,046 (2006 £611,046) due to LB UK RE Holdings Limited and £203,682 (2006 £203,682) due to Brindle Limited.

Within other creditors due within one year as at 31 December 2007 is a balance of £273,214 (2006 £76,484) due to Strummer Investments (Tubs Hill) LLP. This loan is on an arms length basis and interest has been charged on it at 6% per annum amounting to £9,721 (2006 £3,158) in the year. CP Oliver, SC Loggie and LB UK RE Holdings Limited are partners in Strummer Investments (Tubs Hill) LLP.

**MONET REAL ESTATE (HIGH WYCOMBE) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**for the year ended 31 December 2007**

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**13 POST BALANCE SHEET EVENTS**

Part of the investment property (buildings 1 & 2 Chichester House) was sold after the year end for £1,450,000. This realised a profit on sale of fixed assets of £27,065.